

**NATIONAL DAIRY MARKET AT A GLANCE**

At the Chicago Mercantile Exchange (CME), all grades of bulk butter are lower: Grade AA decreased 3 cents to \$1.0800, Grade A decreased 2 cents to \$1.0100, and Grade B decreased 1 cent to \$1.0100. Also at the CME, barrel cheese decreased 1/2 cent to \$1.3350 and 40# blocks are unchanged at \$1.3900.

The July 1997 Consumer Price Index (CPI) for all food is 157.0, up 2.5% from July 1996. The dairy products index at 143.3, is 0.9% higher than a year ago. The July to July changes in selected dairy products are: fresh whole milk down 1.3%, cheese up 2.4%, and other dairy products (includes butter) off 0.7%.

According to NASS, U.S. cold storage holdings of butter on July 31, 1997 total 62.4 million pounds, up 4.7% from June 1997 and 97.0% more than July 1996. Natural American cheese holdings total 464.4 million pounds, an increase of 0.2% from June and 16.8% more than a year ago. Nonfat dry milk holdings at the end of June totals 173 million pounds, 14.6% more than May and more than twice a year ago.

During June, sales of fluid milk products in comparable Federal milk order marketing areas and California were unchanged from the previous year and 0.6% above May 1997 on an adjusted daily average basis. Sales of whole milk items were 1.1% below the previous year; sales of lowfat and skim milk items were 0.9% above the previous year. Total fluid milk sales were lower in the Northeast and Midwest regions, and higher in all other regions.

During July, about 9.2 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in July 1997 and 1996, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 4.8% more than July 1996, and about 4.6% less than June 1997 on a daily average basis. Milk utilized in Class I products in July was 0.2% more than last year on an adjusted basis. Class I use this year represented 39% of producer milk deliveries compared to 44% in July 1996. The average blend price was \$12.01 per cwt., \$3.39 less than last

year. Changes in class prices from year-earlier levels were as follows: Class I, down \$3.07; Class II, down \$3.07; Class III, down \$3.63; and Class III-A, down \$3.91.

The NDM and buttermilk markets are exhibiting additional signs of stress though most prices were unchanged. Domestic interest in NDM is steady at best. DEIP activity is helping to clear some producers' stocks. Buttermilk is unsettled to weak as offerings, particularly from the West, are in excess of needs. The whey market is irregular, fully steady in the Midwest where production is edging lower as school needs absorb larger volumes of milk. In the West, whey is weaker, often due to slower export sales.

Class I demand is improved, particularly in areas where schools have reopened, or are set to resume for the new year. Florida and other Southeastern handlers are pulling steady to larger volumes of milk from sources further north. The extra demand is reducing volumes available for manufacturing. Continued summer heat in parts of the South continues to impact receipts. In the Midwest, Northeast and parts of Southwest, unseasonably cool August temperatures have helped to stabilize milk receipts with some firms reporting slight increases. Cream price are generally higher reflecting somewhat higher multiples and higher butter prices.

During the week of August 18 - 22, CCC net dairy product purchases under the price support program were 3,587,132 pounds of Western nonfortified NDM.

\*\*\*SPECIAL THIS ISSUE\*\*\*

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**BUTTERMARKETS****CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	:	AUGUST 19	:	AUGUST 21	:	AUGUST 22
AA	:	\$1.1100 - 1.1200	:	\$1.1100 - 1.1200	:	\$1.1100 - 1.1200
A	:	\$1.0300 - 1.0400	:	\$1.0300 - 1.0400	:	\$1.0300 - 1.0400
	:	(.0100) (.0100)	:		:	

( ) Change from previous price.

**BUTTER HIGHLIGHTS:** At the Chicago Mercantile Exchange, Grade AA butter is 3 cents lower to \$1.0800, Grade A declined 2 cents to \$1.0100, and Grade B is 1 cent lower to \$1.0100. The market tone remains mixed. Stocks of bulk and print butter are readily available for current needs. Handlers that desire additional stocks are able to locate most needs with minimal problems. Producers in Western area of the country report having additional stocks for spot buyer interest. Overall buying interest is seasonally fair.

**CHICAGO MERCANTILE EXCHANGE****BUTTER TRANSACTIONS ON FRIDAY, AUGUST 22, 1997**

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION - LST
AA	:	-.0300	:	\$1.0800 : OFFER 08/22/97
A	:	-.0200	:	\$1.0100 : BID 08/22/97
B	:	-.0100	:	\$1.0100 : OFFER 08/22/97

SALES: 2 CARS GRADE AA @ \$1.0900  
1 CAR GRADE A @ \$0.9200

BIDS UNFILLED: 1 CAR GRADE A @ \$1.0100 (LST)

OFFERS UNCOVERED: 26 CARS GRADE AA: 2 @ \$1.0800 (LST),  
2 @ \$1.0900, 2 @ \$1.0925, 3 @ \$1.0950, 1 @ \$1.0975,  
5 @ \$1.1050, 1 @ \$1.1075, 3 @ \$1.1100, 1 @ \$1.1150,  
1 @ \$1.1175, 5 @ \$1.1200  
1 CAR GRADE B @ \$1.0100 (LST)

**CHEESE MARKETS****WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	:	AUGUST 18 - 22, 1997
BARRELS*	:	\$1.3300 - 1.3500 (NOMINAL)
	:	(.0500) (.0500)
40# BLOCKS	:	\$1.3900 - 1.4200 (NOMINAL)

( ) Change from previous week. \* If steel, barrel returned.

**CHEESE HIGHLIGHTS:** The cheese market is generally steady. At the Chicago Mercantile Exchange, blocks were unchanged at \$1.3900 in light trading. Barrels decreased 1/2 cent to \$1.3350 in moderate trading. Current block supplies and production are about adequate. Process orders are being prepared for the last big weekend of summer, Labor Day. Cheese output is steady to lower, reflecting the reopening of additional schools. CCC market price cheese invitations for October delivery are found on page 13 of this report.

**CHEESE TRANSACTIONS ON THURSDAY, AUGUST 21, 1997**

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION
BARRELS	:	-.0050	:	\$1.3350 : SALE 08/21/97
40# BLOCKS	:	N.C.	:	\$1.3900 : SALE 08/21/97

SALES: 17 CARS BARRELS: 2 @ \$1.3350, 1 @ \$1.3325,  
1 @ \$1.3300, 1 @ \$1.3250, 1 @ \$1.3175, 1 @ \$1.3150, 1 @ \$1.3200,  
2 @ \$1.3250, 1 @ \$1.3350, 1 @ \$1.3000, 1 @ \$1.3200, 1 @ \$1.3125,  
1 @ \$1.3300, 2 @ \$1.3350 (LST)  
2 CARS 40# BLOCKS @ \$1.3900 (LST)

BIDS UNFILLED: 3 CARS 40# BLOCKS: 2 @ \$1.3900, 1 @ \$1.3700

OFFERS UNCOVERED: 11 CARS BARRELS: 2 @ \$1.3775, 3 @ \$1.3500,  
2 @ \$1.3450, 4 @ \$1.3400

**CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/**

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Other Dairy Products		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
MAY 1997	156.6	3.0	145.4	5.7	142.5	4.4	147.8	4.2	135.4	12.7	147.7	4.6
JUNE 1997	156.6	2.6	144.1	3.1	141.6	1.5	147.1	3.9	132.4	4.4	147.9	3.4
JULY 1997	157.0	2.5	143.3	0.9	139.7	-1.3	146.9	2.4	134.5	-0.7	148.2	3.0
<b>U.S. City Average Retail Prices</b>												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Dollars											
MAY	2.608	2.532	2.377	2.317	2.121	1.685	3.528	3.211	NA	3.399	2.876	2.825
JUNE	2.587	2.599	2.364	2.390	2.026	1.906	3.400	3.304	NA	3.374	2.877	2.827
JULY	2.557	2.649	2.362	2.435	2.108	2.269	3.342	3.228	3.422	2.919	2.844	2.851

\* NA Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

## PRINT BUTTER MARKETS - GRADE AA

## NORTHEAST

Prices and the market tone are unchanged. However, at the CME on August 15, prices for the lower grades did advance one cent. Production levels are lighter, but still moderate at some plants. Print butter stocks are adequate to meet the slow to fair demand. Bulk butter availability is more than adequate for current needs. Retail sales of print butter are just fair unless featured and food service orders are starting to slow along seasonal patterns. As summer is coming to a close and schools reopen, food service needs in resort areas are often limited to weekends.

WHOLESALE PRICES: MIN 25 BOXES  
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.3200-1.5675
1 LB. PRINTS	:	1.2350-1.4175
CHIPS/PATTIES	:	1.2975-1.4675
REDDIES	:	1.3725-1.5675
CONTINENTALS	:	1.4525-1.6275

## CENTRAL

Print butter prices held steady following trading activity on Grade AA at the Chicago Mercantile Exchange August 15. Churning schedules are seasonally declining. Although churning is lighter, butter handlers anticipate increases during the next few weeks as cream supplies become more available due to school milk bottling standardization. Stocks of butter, both bulk and print are in balance for most needs. In most instances, handlers are comfortable with current supplies and projected production for upcoming needs. Many producers and handlers are reporting that they do not anticipate a substantial upward pricing flurry during the next few months.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.2100-1.6175
1 LB. PRINTS	:	1.1750-1.3375
CHIPS/PATTIES	:	1.2000-1.4100
REDDIES	:	1.2850-1.5200
CONTINENTALS	:	1.4400-1.6300

## WEST

Butter prices range from steady to somewhat firmer. Cream demand remains quite good for this time of year. Cream offerings are expected to increase as schools start for the fall session and more cream becomes available due to standardizing. Demand ranges from fair for butter moving out of the region to good for sales for local accounts. Food service accounts are changing seasonally as some resort areas move from summer into fall patterns. Retail sales are fair. Butter supplies are ample for trade needs.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES  
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.3925-1.4400
1 LB. PRINTS	:	1.3225-1.3825
PATTIES	:	1.3650-1.5300
REDDIES	:	1.4900-1.5075

FOB CALIFORNIA PLANTS - GRADE AA  
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.1075-1.1475
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
	:	:
08/18/97	31,361	120,719
08/01/97	38,383	125,407
CHANGE	-7,022	-4,688
% CHANGE	-18	-4

## NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
AUGUST 15	1,308,102	3,219,373	4,626,836	1,100,054	3,156,351	4,911,862	8,068,213

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

## CHEESE MARKETS

## NORTHEAST

Prices are often higher on process items; unchanged on Swiss and other natural items. The market tone remains unsettled. Contacts often speculate what prices are going to do during the next month or two. Many wonder if these prices can be sustained through the holidays. They cite above average milk production, heavy cheese stocks, and seldom better than fair demand among their reasons for continued price instability. Therefore, buyers are often taking a wait and see posture and buying only enough to meet weekly or immediate needs. Retail movement is fair to slightly improved now that schools are reopening and shopping habits get back to more normal levels. Food service orders are mixed. They are off slightly in resort areas, but improving where the reopening of colleges and schools mark a significant jump in pizza and other fast food sales.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2400-1.8725
Cheddar Single Daisies	:	1.2100-1.8775
Cheddar 40# Block	:	1.5275-1.6775
Process 5# Loaf	:	1.4225-1.7000
Process 5# Sliced	:	1.4325-1.7350
Muenster	:	1.5700-1.8875
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

## MIDWEST

The cheese market is steady, though with an unsettled undertone prevails. At the Chicago Mercantile Exchange on August 14, the 40# block price was unchanged at \$1.3900, but barrels increased 5 cents to \$1.3400. Current demand is mostly steady at best for cheddar as offerings are at least adequate. While some producers would like to increase premiums on cheddar, the substantial pool of Western product, remains an effective limit to increases. Process interest is steady at best as orders for the last big event of summer, Labor Day, are working through the pipeline. Mozzarella interest is steady to improved. Swiss supplies range from tight to adequate with demand generally unchanged. Cheese production is projected by many producers to edge lower as schools reopen and draw milk away from cheese plants. Current cheese production overall is steady to slightly lower. Current plant receipts are little changed in the northern tier of Midwestern states due to often unseasonably cool, often wet, August weather. Spot manufacturing milk premiums have rebounded sharply from levels in early summer.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.6375
Brick And/Or Muenster 5#	:	1.6100-1.8475
Cheddar 40# Block	:	1.6400-1.9150
Monterey Jack 10#	:	1.8100-1.9150
Blue 5#	:	1.9925-2.1600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6700-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

## WEST

Process cheese prices increased sharply with natural and Swiss items holding steady. Sales for current blocks are rated as good with supplies in close balance. Aged demand is slow at this time of year, but buyers are beginning to look into the future as to possible availability of product for fall features. Barrel offerings have been cleaned up and demand is rated at least as fair for current orders. Swiss production has lagged the trend line for most of 1997 and, coupled with some ongoing quality problems, stocks are expected to be tight this fall. Mozzarella sales are improving seasonally with cheese moving across the country quite a few weeks earlier than normal. Most contacts are commenting that milk supplies are holding much longer than normal for this season of the year. With sales activity improving, there are fewer complaints about all the milk.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4975-1.7825
Cheddar 40# Block	:	1.5725-1.7300
Cheddar 10# Cuts	:	1.7500-1.9125
Monterey Jack 10#	:	1.7150-1.8750
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

## FOREIGN TYPE

Prices are unchanged and the market tone is steady. However, as summer comes to an end and family shopping and dining habits return to a more normal pattern, consumption of foreign type cheese starts to improve. Stocks of most cheese are adequate for current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7250-2.3350*
Gorgonzola	: 3.2400-5.9400	: 2.3900-2.4900*
Parmesan (Italy)	: TFEWR	: 3.1350-3.1725*
Romano (Italy)	: 2.1900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.3975-1.9050*
Romano (Cows Milk)	: -0-	: 2.9225-3.1750*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Northeastern Milk Market Administrators announce July 1997 uniform (blend) prices: Federal Order (F.O.) 1 is \$11.97; F.O. 2, \$11.67; F.O. 4, \$12.42; F.O. 36, \$11.79; and Western NY Milk Market Area, \$11.84. Hot weather returned to much of the Southeast and milk production is falling. In the Northeast, temperatures are quite mild for this time of year, the milk flow, though easing lower, is holding up better than expected. Some much needed rain has fallen in New York, New England, and the Middle Atlantic states. The rain may be too late for some crops, but it will help late season alfalfa and pasture growth. Fluid milk supplies are tighter in the more southern areas; adequate in the Northeast. Bottled milk sales range from slow to fair with best demand from school lunch programs that are now getting started. In the Southeast, many schools are opening this week and the rest should start next week. Florida handlers imported 129 loads of milk this week. Imports in other Southeastern states are steady to heavier and some suppliers have had difficulty filling contracts. In these cases, milk from others regions have been substituted. Manufacturing plant schedules are limited in the Southeast, lighter in the Middle Atlantic, and about steady further north. The condensed skim market tone and prices are unchanged this week. In some instances, producers are just filling commitments and not active in the spot market. The fluid cream market is firm. Offerings are tight and multiples used to determine prices range from steady to higher. With the Grade A butter price at the CME up one cent, cream prices are up accordingly. Ice cream production and sales are steady. Production of cream cheese and sour cream are starting to increase to meet the usually improved fall demand. Churning activity is lighter as several producers are selling cream rather than make butter.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.5450 - 1.6789
Delivered Equivalent Atlanta	-	1.5085 - 1.6480 M 1.5450-1.5862
F.O.B. Producing Plants: Upper Midwest	-	1.4935 - 1.5862

## PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	0.9500 - 1.0500
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## M I D W E S T

## WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
AUGUST 15 - 21, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	72

Class I demand is steady to somewhat improved, aided in some areas by the reopening of schools. The need for school milk is expected to increase further next week as additional schools reopen. The usual pattern of needing some loads immediately, to having too much today is again underway as bottlers try to meet milk projections. About 43 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order and not included in the milk shipment total. Another 12 Wisconsin loads are being shipped to Ohio and a few more to Michigan. Milk supplies have tightened up, with some buyers, particularly those expecting minimal premiums, going unsatisfied. Manufacturing milk premiums, on a fairly limited test, are generally at about \$2.00 over class. Cream prices are mostly higher, reflecting

higher butter prices at the Chicago Mercantile Exchange and a few slight increases in overages. Plant milk intakes are steady to just slightly higher in the upper Midwestern tier of states. In parts of the mid-region around St. Louis, cooler temperatures have help receipts stabilize. Further South, continued heat continues to impact receipts. Unseasonably cool, often wet weather blanketed much of the upper tier of states over the past week. The cool temperatures have slowed crop maturation and slowed the hay/haylage harvest due to frequent precipitation. Crops, like corn, need additional heat and/or an extended period without frost to reach maturity.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 39.00	\$ 32.00- 37.00
REPLACEMENT HEIFER CALVES	\$ 95.00-190.00	\$ 95.00-140.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUG 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.50- 41.00	\$ 32.00- 37.00

## W E S T

Milk production in the 20 selected survey states for the month of July totals 11.5 billion pounds, up 4.8% from last year. Cumulative output for the first seven months of the year totals 79.1 billion pounds, up 1.7% from the same period in 1996. Output increased for all 20 surveyed states. For selected Western states milk production compared to last year is as follows: Arizona up 19.9% (contacts feel this huge increase is due to unseasonably mild weather with no heat stress during the survey period), California up 8.2%, Idaho up 8.7%, New Mexico up 9.2%, and Washington up 2.9%. Production per cow nationally is up a staggering 5.7%. Milk production in Southern California is rebounding from the short heat spell of last week as more moderate temperatures returned and rain fell. Milk intakes were lower where temperatures were the hottest the longest. Some plants were noting around a 5% decline. Areas harder hit approached double digit declines. Milk volumes remain well above last year's level and are expected to stay there. Cow numbers are being added in all states in the Southwest. Rains in New Mexico are making harvesting fourth cutting alfalfa difficult. Temperatures are milder than usual and providing good milk producing conditions. Milk is still declining in Arizona, but beginning to moderate near seasonally low levels. Dry conditions have been around the Pacific Northwest for more than 40 days. Many area contacts are commenting on the stress that pastures and some crops are feeling. Corn for silage, however is almost three weeks early with cutting expected to start after Labor Day. Temperatures are close to normal. Milk production is strong, but more financial stress is noted by the number of sales and the number of producers falling behind on variable cost bills. The quality on hay offerings continues to decline with many protein tests coming in at 15% or less. Prices between \$120-150 are common. Exporters continue to take the best quality hay available no matter the price. Conditions remain generally cooler than normal with quite a bit of unwanted rain in the northern Mountain States region. Every cutting of hay has had a good percentage of it affected by rain. Hay that has been rained on three times, has no leaves left, and is very dark in color is still able to fetch \$100. Milk production continues to be much heavier than expected for this time of year. Many plants continue to operate at capacity. Cheese stocks are in much better shape in general.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 08/21/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Nonfat dry milk prices are unchanged for the entire range, but lower for the mostly range. The market tone remains weak. Several producers were lowering prices to remain competitive with locally produced NDM, offers from other regions and resale loads. Several contacts were commenting on powder being sold in the \$1.02-1.03 range from the East. Western produced NDM continues to be offered to the CCC. Buying interest is flat. Stocks are in excess of current needs.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0500 - 1.0950 MOSTLY: 1.0550 - 1.0650

**DRY BUTTERMILK - CENTRAL**

No price changes were reported and the market tone remains unsettled. Producer offerings are light to moderate with limited demand for buttermilk powder noted. Users are able to obtain cream and condensed buttermilk for current needs and are often not looking at dry buttermilk. Stocks remain light, but are ample for demand.

BUTTERMILK: 1.0200 - 1.1050

**DRY WHEY - CENTRAL**

Dry whey prices are mainly steady to higher. The mostly price range is fractionally higher. The market tone is slightly firm. Plant level whey offerings were tighter this week attributed to milk moving to satisfy higher fluid orders as school lunch milk orders were being filled. However, dry whey demand is limited. Buyers are not aggressively making purchases. Food orders are fair to good, but feed interest is limited. Production is seasonally active. Dry whey stocks vary from light to moderate.

NONHYGROSCOPIC: .2175 - .2350 MOSTLY: .2225 - .2300

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged for all animal feed type whey. The market tone for all is fair steady, reflecting both the edible whey and WPC offerings. Finished feed producers are not aggressively in the market at the present time. Interest is often limited to fill in needs or finding a bargain. Roller ground stocks are noted to be tight. Standard offerings are very limited and hard to find.

MILK REPLACER: .1975 - .2200  
STANDARD: TFEWR  
ROLLER GROUND: .2275 - .2400  
DELECTOSE (Min. 20% protein): .3350 - .3600

**LACTOSE - CENTRAL AND WEST**

Lactose prices are unchanged, but the market tone remains weak. Demand is unaggressive and more offerings are entering the market. Interest from animal feed producers is beginning to redevelop as prices decline. More lactose is being sold as "off-grade." Other producers are quoting prices, but are open for bids. Stocks are light to heavy and available from most plants.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2000 - .2800 MOSTLY: .2100 - .2500

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices and the market tone are fully steady. Production is declining seasonally, but active at most facilities. Several producers are offering more WPC than in recent weeks. Resale loads are available and priced within the range. Several contacts are sensing that resellers want to clear their inventory positions. Producers' stocks are light to moderate.

EXTRA GRADE 34% PROTEIN: .6000 - .6500 MOSTLY: .6250 - .6300

**NONFAT DRY MILK - WEST**

Low/medium heat NDM prices are unchanged but high heat prices are slightly lower. The market undertone is weak. Last week, offerings to the CCC under the price support program totaled nearly 4 million pounds. Offerings are expected to remain high. DEIP interest remains, but is not enough to impact the market at the present time. Buyers are trying to obtain the best price possible and finding the market favors them. Production is seasonally active to process the continued good milk supply in the region. Stocks are heavy.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0325 - 1.0650 MOSTLY: 1.0375 - 1.0500  
HIGH HEAT: 1.0575 - 1.0800

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are unchanged and the market tone is steady to weak. Offerings from both the plant level and resellers are often in excess of current needs. Several producers, sensing the season and opportunity for sales ending, are discounting to keep stocks minimal. Buyers are not aggressively making purchases. Producers' stocks are adequate for all needs.

BUTTERMILK: 1.0000 - 1.0700 MOSTLY: 1.0000 - 1.0400

**DRY WHEY - WEST**

Prices moved lower on the range for Western whey powder, while the mostly held steady. Domestic demand is about steady and prices are holding firm. Export sales are much slower than over the past few weeks. The strong U.S. dollar is causing major problems for U.S. exporters. European competition is also a major factor in current markets. Stocks are building for some Western producers. In order to keep powder moving they are reducing prices to keep stock levels under control.

NONHYGROSCOPIC: .2025 - .2300 MOSTLY: .2100 - .2200

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended August 15, on powder sales of 8,425,755 pounds f.o.b. California manufacturing plants was \$1.0527 per pound. This compares to 8,117,836 pounds at \$1.0514 for the previous week ending August 08, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are generally unchanged and the market tone remains weak. There have been reports of attractively priced powder being offered and sold. Production levels are often lighter as fluid milk supplies tighten. More milk is being shipped to bottlers in the Southeast and these shipments have greatly reduced drying time in the shipping plants. Plant stocks are more than adequate to meet the slow to fair spot demand. Some DEIP sales are being filled and bids on new DEIP sales are accepted at a moderate rate. Single load sales are occurring, but best interest and prices are on multi load purchases. Resellers report little interest in Western powder when Eastern prices are this competitive.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0500 - 1.1400
DELVD SOUTHEAST:	1.0700 - 1.1200

**DRY BUTTERMILK (NORTHEAST & SOUTHEAST)**

Prices are steady to fractionally higher. However, the market tone is steady. Production levels are lighter as more milk is being shipped to Class I users in the Southeast. Churning schedules are often lighter as some producers sold cream at attractive prices rather than make butter. Producers' stocks of dry buttermilk are adequate for the current, fair demand.

F.O.B. NORTHEAST:	1.0550 - 1.0850
DELVD SOUTHEAST:	1.0800 - 1.1400

**DRY WHOLE MILK - NATIONAL**

Prices are steady to higher and the market tone is improved. Some producers are holding prices as best they can. However, others, citing possible higher milk prices and the increasing value of butterfat, did move prices higher. Production levels are moderate and producers' stocks are well balanced with needs. Spot interest is just fair. DEIP sales are clearing quite a bit of the current output.

F.O.B. PRODUCING PLANT:	1.2100 - 1.3000
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**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1997 THROUGH AUGUST 15, 1997  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	24,118	MT (53,170,542 LBS)
CHANGE	--	4,165	MT (9,182,159 LBS)
WHOLE MILK POWDER	--	648	MT (1,428,581 LBS)
CHANGE	--	16	MT (35,274 LBS)
CHEESE	--	261	MT (575,401 LBS)
CHANGE	--	6	MT (13,228 LBS)
BUTTERFAT	--	3,112	MT (6,860,715 LBS)
CHANGE	--	333	MT (734,132 LBS)

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are mostly steady and the market tone is somewhat mixed. Most producers report being sold out and having no whey available for immediate delivery. Resellers, however, do have product to offer. Demand is still reported as slow. The slow demand coupled with tight producer stocks are combining to keep prices from moving much higher. Most contacts speculate that prices may be at, or very near, the top of this particular cycle. New export interest is slow to develop.

F.O.B. NORTHEAST:	EXTRA GRADE	.2250 - .2350
	USPH GRADE A	.2350 - .2500
DELVD SOUTHEAST:		.2400 - .2700

**ANIMAL FEED WHEY - NORTHEAST**

Prices are unchanged and remain nominal. The market tone is steady to weaker. At the producer level, offerings of milk replacer and Extra Grade whey are tight. Animal feed makers are showing little interest at this time.

F.O.B. NORTHEAST:	MILK REPLACER	.2050 - .2150
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**EVAPORATED MILK - NATIONAL**

The market tone and prices are unchanged. Production, though lighter remains moderate. More milk is being shipped to meet improved Class I needs and some evaporated milk producers report having less milk to process. Most manufacturers are eager to build stocks before anticipated milk price jumps. Plant stocks are building but most accumulations are planned. Demand is seasonally slow to fair. The Kansas City Commodity office announced the issuance of EVD-1, invitation 360, inviting competitive offers to sell to CCC 2,533,680 pounds of evaporated milk for shipment in October 1997.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED	
MAJOR U.S. CITIES	\$22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Casein markets remain unchanged. Stocks of both rennet and acid are readily available for contracted needs. Overall buying interest is steady. Inquiries for fourth quarter needs are very slow in developing. Most buyers are hesitant at this time, as many are not sure what prices will be doing by then. Buyers are finding that stocks should not be a problem, especially with production in the Oceania region coming on line within the next few months.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.2800
ACID:	2.0000 - 2.1000

## MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JUN 30, 1995	JUN 30, 1996	REVISED JUN 30, 1997	JUL 31, 1995	JUL 31, 1996	JUL 31, 1997
Cream	969	1,618	---	1,181	1,579	---
Butter	79,153	29,681	59,545	68,338	31,654	62,368
Evap. & Cond. Milk	1,255	1,193	---	1,400	1,013	---
Cheese, Natural American	347,612	392,918	463,398	361,428	397,743	464,438
Cheese, Swiss	6,619	11,939	12,096	7,532	12,460	11,516
Cheese, Other Natural	119,392	137,941	128,352	113,436	126,397	125,782
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	32,901	804	644	21,200	793	660
Natural American Cheese	139	65	185	268	166	45

JULY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
New England	11,186	15,005	23,907	3,832	4,595	9,777	88	67	181
Middle Atlantic	43,060	37,044	41,904	9,958	3,534	9,777	8,700	17,641	20,457
East North Central	197,079	222,933	248,827	8,490	7,228	12,593	93,743	92,356	86,692
West North Central	67,783	68,435	81,433	20,012	7,535	10,099	2,542	2,868	5,241
South Atlantic	262	288	229	1,051	574	795	2,007	6,786	5,711
East South Central	434	188	224	969	520	182	4,021	3,895	3,321
West South Central	396	527	1,852	16,375	1,297	756	497	206	184
Mountain	21,369	17,538	20,998	1,181	450	357	1,178	1,230	1,042
Pacific	19,859	35,785	45,064	6,470	5,921	18,032	660	1,348	2,953
TOTAL	361,428	397,743	464,438	68,338	31,654	62,368	113,436	126,397	125,782

\*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



## COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1996 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Million Pounds						Million Pounds						Million Pounds					
January	21	25	21	22	3/	3	382	346	381	346	3/	3/	75	86	75	72	3/	14
February	24	34	24	30	3/	4	378	355	378	354	3/	3/	72	90	72	80	3/	10
March	27	49	26	47	3/	1	392	356	392	356	3/	3/	82	108	81	98	3/	10
April	44	40	42	37	2	3	430	377	430	377	3/	3/	122	110	121	100	3/	10
May	64	34	62	33	2	1	445	390	445	390	3/	3/	151	88	151	86	3/	1
June	60	30	59	29	1	1	463	393	463	393	3/	3/	173	84	173	82	3/	1
July	62	32	62	31	1	1	464	398	464	398	3/	3/		77		77		3/
August		27		26		1		381		381		3/		67		66		3/
September		21		21		1		373		372		3/		51		50		3/
October		21		20		3/		379		379		3/		48		47		3/
November		18		17		3/		370		370		3/		50		49		3/
December		14		13		3/		380		380		3/		71		71		3/

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

## COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jun 30, 1995	Jun 30, 1996	Jun 30, 1997	Jul 31, 1995	Jul 31, 1996	Jul 31, 1997
	Thousand Pounds					
Butter	46,252	28,877	58,901	47,138	30,861	61,708
Natural American Cheese	347,473	392,853	463,213	361,160	397,577	464,393

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

**SOURCE:** "Cold Storage," Co St 1 (8-97) and "Dairy Products," Da 2-6 (8-97), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

## JUNE FLUID MILK SALES HIGHLIGHTS

During June, sales of fluid milk products in comparable Federal milk order marketing areas and California were unchanged from the previous year and 0.6 percent above May 1997 on an adjusted daily average basis. Sales of whole milk items were 1.1 percent below the previous year; sales of lowfat and skim milk items were 0.9 percent above the previous year. Total fluid milk sales were lower in the Northeast and Midwest regions, and higher in all other regions.

**SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, LOWFAT AND SKIM MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER  
MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, JUNE 1997, WITH COMPARISONS 1/**

Region 4/	Whole Milk Items 2/				Lowfat and Skim Milk Items 3/				Total Fluid Items			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Jun	Year to date	Prev. year 5/	Year to date 5/	Jun	Year to date	Prev. year 5/	Year to date 5/	Jun	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	327	2,086	-2.1	-2.1	416	2,688	-0.4	-0.7	743	4,773	-1.3	-1.3
Southeastern	337	2,122	0.4	0.6	425	2,874	1.5	1.1	761	4,997	0.9	0.9
Midwest	238	1,534	-1.4	-1.4	826	5,586	0	-0.1	1,064	7,120	-0.1	-0.4
Southwest	159	995	-1.0	-2.4	179	1,216	1.6	-0.1	338	2,211	0.2	-1.1
Far West	324	1,971	-1.6	-1.9	636	4,054	2.5	1.4	960	6,025	0.9	0.3
All Areas Combined	1,385	8,708	-1.1	-1.3	2,482	16,419	0.9	0.4	3,867	25,127	0	-0.2

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 91 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Lowfat and skim milk items include plain, solids added, flavored, and miscellaneous lowfat and skim milk products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 64, report #13. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. See DMN Vol. 59, report #13.

**PACKAGED SALES OF FLUID MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK  
ORDERS AND CALIFORNIA, MAY 1997, WITH COMPARISONS 1/**

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole milk 2/	1,484	-1.0	-1.3
2% Lowfat Milk	1,379	-1.7	-2.7
1% Lowfat Milk 3/	650	2.8	3.9
Skim Milk	723	3.3	3.4
Buttermilk	52	-4.1	-3.9
Total Fluid Milk Products 4/	4,302	0.1	-0.3

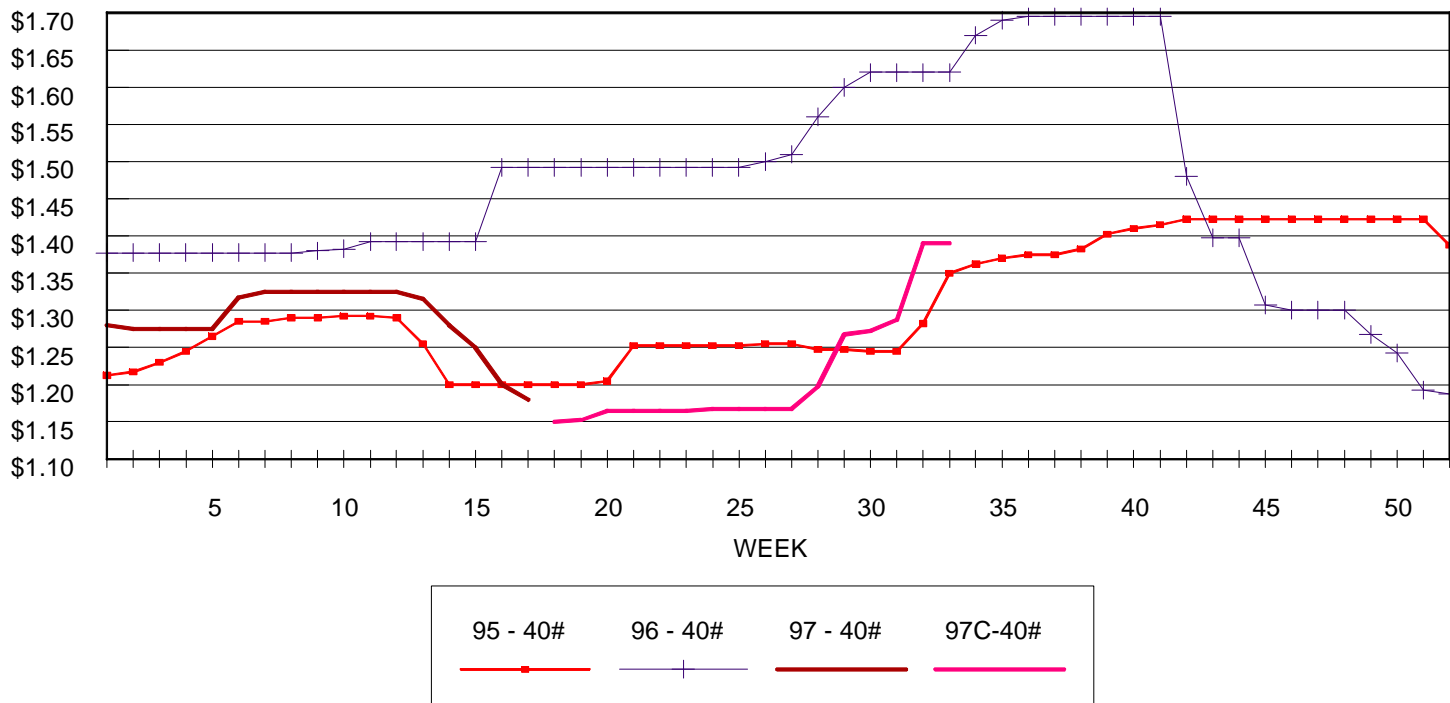
1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Black Hills market, which was terminated October 1, 1996, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

2/ Includes flavored whole milk. 3/ Includes flavored lowfat and skim milk. 4/ Includes miscellaneous products.

**SOURCE:** Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CHICAGO MERCANTILE EXCHANGE &  
NATIONAL CHEESE EXCHANGE

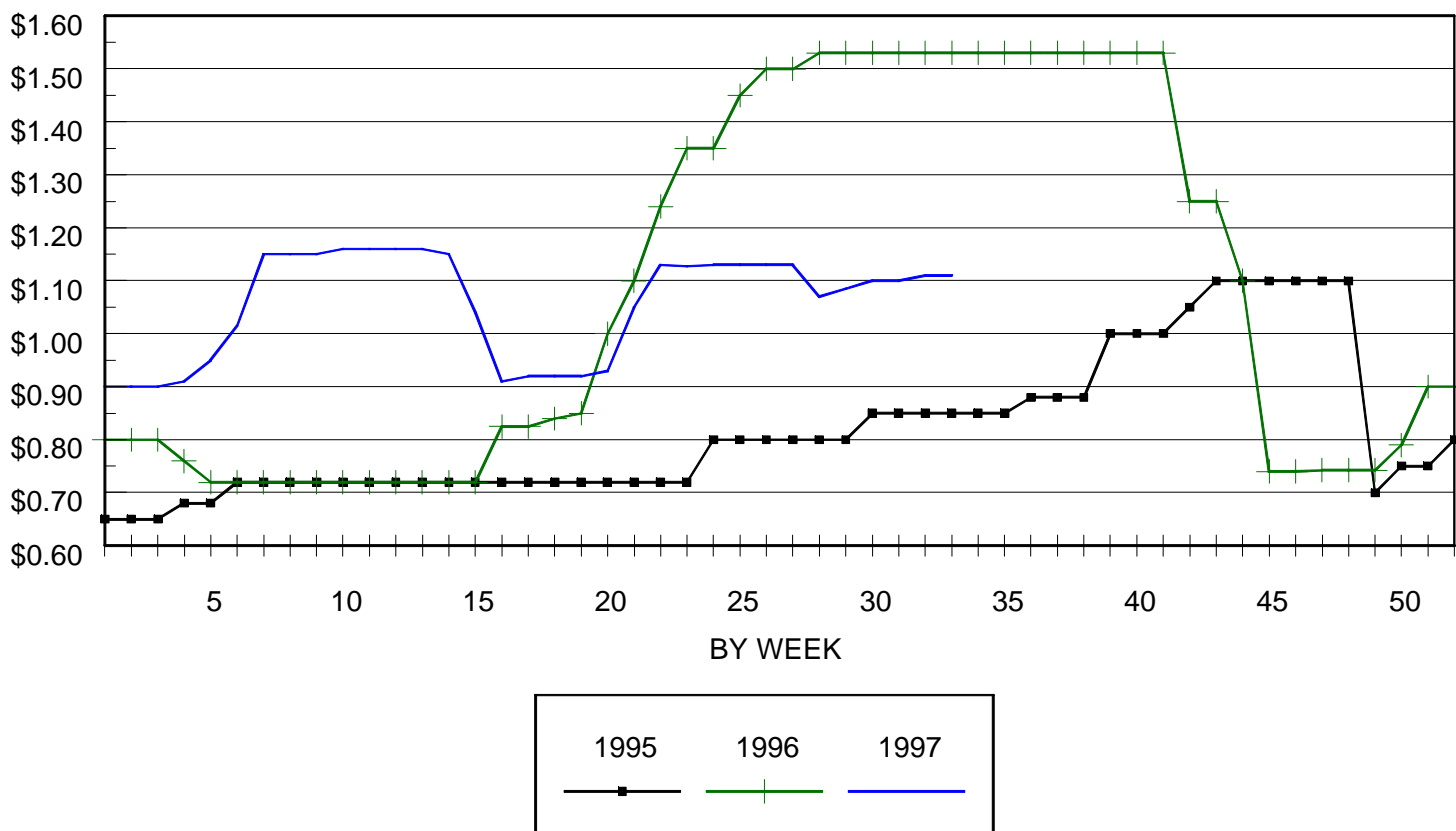
PRICE PER POUND



MERC CHEESE TRADING STARTED MAY 1, 1997

CHICAGO MERCANTILE EXCHANGE  
GRADE AA BUTTER

PRICE PER POUND



## FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

**FEDERAL MILK ORDER MARKET SUMMARY FOR JULY 1997.** During July, about 9.2 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in July 1997 and 1996, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 4.8 percent more than July 1996, and about 4.6 percent less than June 1997 on a daily average basis. Milk utilized in Class I products in July was 0.2 percent more than last year on an adjusted basis. Class I use this year represented 39 percent of producer milk deliveries compared to 44 percent in July 1996. The average blend price was \$12.01 per cwt., \$3.39 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, down \$3.07; Class II, down \$3.07; Class III, down \$3.63; and Class III-A, down \$3.91.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 1997										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1997 TOTAL	CHANGE FROM 1996 <u>4/</u>	1997 TOTAL	CHANGE FROM 1996 <u>4/</u>	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	462.6	2.4	204.0	-1.3	44	46	12.69	15.97	11.0
New York/New Jersey (NY City)	2	1,028.5	2.6	394.3	-4.5	38	41	12.39	15.78	11.0
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	520.9	10.4	221.2	-1.3	42	47	12.42	15.78	---
<b>NORTHEAST REGION</b>		2,012.0	4.4	819.5	-2.9	41	44	12.47	15.82	11.0
Carolina (Charlotte)	5	223.4	9.3	184.7	5.3	83	86	13.33	16.48	11.0
Tennessee Valley (Knoxville/Chattanooga)	11	111.7	4.8	87.9	3.9	79	79	13.01	16.12	11.0
Southeast (Atlanta/Birmingham)	7	422.7	13.3	327.2	2.8	77	85	13.23	16.52	11.0
Florida Markets (Tampa/Jacksonville/Tallahassee/Miami)	12 <u>5/</u>	225.7	7.2	197.6	5.1	88	89	14.00	17.18	11.0
<b>SOUTHEASTERN REGION</b>		983.4	9.9	797.3	4.1	81	86	13.40	16.62	11.0
Michigan Upper Peninsula (Marquette)	44	6.3	17.0	4.2	-5.8	68	84	11.67	15.01	11.0
Southern Michigan (Detroit)	40	384.2	1.6	162.2	-4.8	42	45	11.72	14.95	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	279.6	3.3	136.3	-0.6	49	51	11.79	15.10	---
Ohio Valley (Columbus)	33*	257.8	9.6	131.2	0.1	51	56	11.90	15.16	---
Indiana (Indianapolis)	49*	158.6	6.9	94.0	1.2	59	63	12.01	15.17	---
Chicago Regional	30*	1,313.7	45.9	208.1	2.1	16	23	11.27	14.77	---
Central Illinois (Peoria)	50	16.3	16.8	11.8	7.6	73	79	11.96	15.21	11.0
S. Illinois-E. Missouri (Alton)	32*	176.8	7.5	83.7	-4.7	47	53	11.89	15.12	11.0
Louisville-Lexington-Evansville	46	93.8	11.6	74.3	10.1	79	80	12.45	15.56	11.0
Upper Midwest (Minneapolis)	68*	871.5	18.1	127.0	-3.5	15	18	11.09	14.60	---
Iowa (Des Moines)	79*	251.4	20.0	74.0	-1.3	29	36	11.47	14.94	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	132.7	21.3	48.8	1.2	37	44	11.59	14.98	---
Greater Kansas City/E. S. Dakota	64 <u>6/ 7/</u>	39.4	---	---	---	---	53	12.49	15.05	11.0
<b>MIDWEST REGION</b>	8/	3,942.5	21.0	1,155.6	-0.4	29	36	11.46	14.88	11.0

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 1997										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1997 TOTAL	CHANGE FROM 1996 <u>4/</u>	1997 TOTAL	CHANGE FROM 1996 <u>4/</u>	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	281.9	-3.6	123.5	-1.9	44	43	12.22	15.54	11.0
Texas (Dallas)	126	453.0	-12.2	260.2	-5.2	57	53	12.73	15.78	11.0
<b>SOUTHWEST REGION</b>		734.9	-9.1	383.6	-4.1	52	50	12.53	15.69	11.0
E. Colorado/W. Colorado (Denver)	137 <u>6/</u>	147.2	-2.6	66.4	1.0	45	44	12.05	15.36	11.0
SW. Idaho/E. Oregon (Boise)	135	268.6	12.3	14.7	3.2	5	6	10.93	14.53	---
Great Basin (Salt Lake City)	139	208.3	-8.0	73.0	-0.3	35	32	11.59	14.94	---
Central Arizona (Phoenix)	131*	187.5	8.1	82.0	2.5	44	46	12.04	15.30	11.0
New Mexico-West Texas (Albuquerque)	138	189.0	10.8	52.4	-3.5	28	32	11.72	15.07	11.0
Pacific Northwest (Seattle/Portland)	124*	496.8	6.0	175.0	2.3	35	36	11.77	15.17	---
<b>FAR WEST REGION</b>		1,497.4	4.7	463.5	0.9	31	32	11.65	15.05	11.0
COMP MKT. AVERAGE OR TOTAL	<u>8/</u>	9,170.2*	10.3*	3,619.6	-0.3	39	44	12.01	15.40	11.0
ALL-MKT. AVERAGE OR TOTAL	<u>7/</u>	9,209.6	9.9	3,619.6	-1.2	39	44	12.01	15.39	11.0
<b>YEAR-TO-DATE AVG./TOTAL</b>										
Northeast Region		14,071.0	1.9	5,855.1	-0.2	42	42			
Southeastern Region		7,534.8	7.0	5,746.7	-0.1	76	82			
Midwest Region	<u>8/</u>	26,323.2*	11.3*	8,360.8	0.2	32	35			
Southwest Region		5,900.0	-6.5	2,759.4	1.9	47	43			
Far West Region		10,793.9*	7.9*	3,266.8	-0.4	30	33			
COMP MARKET AVERAGE OF TOTAL	<u>8/</u>	64,622.8*	6.3*	25,988.8	0.1	40	43	12.79	14.20	----
ALL MARKET AVERAGE OR TOTAL	<u>7/</u>	64,916.6	6.1	25,988.8	-0.8	40	43	12.80	14.21	----

\* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 400 million and 810 million pounds of milk in July 1997 and 1996, respectively, that normally would have been pooled under these orders. The total estimated amounts not pooled for this reason through the month of July are: for 1997, 3.1 billion pounds; and for 1996, 5.5 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for July, Midwest region +6.8, Far West region +4.7, and all-market average +4.8. Year to Date, Midwest region +1.5, Far West region +6.1, and all-market average +2.1. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$13.24. (4.0 minus 3.5 equals .5; 5 times \$.110 equals \$.550; \$12.69 plus \$.550 equals \$13.240.) 4/ Percentage changes have been adjusted for the different number of days in the two periods. 5/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1997, \$14.14; 1996, \$17.12; and Southeastern Florida: 1997, \$14.62; and 1996, \$17.68. 6/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1997, \$11.58; 1996, \$15.04; and Western Colorado: 1997, \$12.50; 1996, \$15.59. 7/ The data for 1996 also includes the Black Hills marketing area. Effective October 1, 1996, the order regulating this marketing area was terminated. Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted, effective October 1996, and are excluded from all-market figures. 8/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1996-97 and for which the data were not affected significantly by marketing area changes. Data for Greater Kansas City/Eastern South Dakota are no longer comparable; see 7/.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 18 - 22, 1997				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD					
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	08/15/97	LAST YEAR					
<b>BUTTER</b>												
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>												
Block	-0-	-0-	-0-	330,284	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	392,874	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>												
Nonfortified	3,800,978	213,846	3,587,132	15,974,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	3,800,978	213,846	3,587,132	15,974,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF AUGUST 18 - 22, 1997 =	0.8	41.8	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	21.1	204.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - AUGUST 22, 1997 =	21.1	204.8	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT			
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96		
MIDWEST	-0-	-0-	1,514,684	-0-	-0-	-0-	66.2	0.0		
WEST	-0-	-0-	392,874	-0-	15,974,000	-0-	33.8	0.0		
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0		
<b>TOTAL</b>	-0-	-0-	1,907,558	-0-	15,974,000	-0-	100.0	0.0		

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997

MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 &amp; 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225

NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 08/02/97 & Comparable Week 1996

Daily Cow = Total Cow Slaughter under Federal Inspection/ By Regions = 0.51; U.S. Slaughter = 0.67279; % Compliant Week = 1											U.S. TOTAL : % DAIRY OF ALL				
Regions*	:	1 :	2 :	3**:	4**:	5 :	6 :	7 :	8 :	9 :	10 :	WEEK :	SINCE JAN 1:	WEEK :	SINCE JAN 1
1997-Dairy cows HD (000)	:	0.4	1.6	---	11.8	20.2	2.5	3.3	1.2	8.8	3.0	52.8	1,703.5	44.0	45.8
1996-Dairy cows HD (000)	:	0.4	1.4	---	11.6	18.3	4.5	5.5	3.1	7.5	2.6	54.7	1,743.3	44.5	43.5
1997-All cows HD (000)	:	0.4	1.7	---	25.1	28.1	17.9	19.8	8.1	11.7	7.0	119.9	3,716.9		
1996-All cows HD (000)	:	0.4	1.4	---	25.4	27.5	21.7	21.6	8.6	10.5	5.8	122.8	4,008.9	**REGION 3 & 4 COMBINED**	

\*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE INVITATIONS POUNDSCHEESE OCTOBER DELIVERY

PROCESS	
PROCESS SLICED	1,227,600
MOZZARELLA	
MOZZARELLA	1,330,560
MOZZARELLA LITE	120,960
NATURAL AMERICAN	
REDUCED FAT CUTS	39,950
BARRELS	200,000

OFFERS ARE DUE AUGUST 25. PUBLIC RELEASE WILL BE AT 4:00 P.M. (CST) AUGUST 28.

NONFAT DRY MILK

INSTANT 12/25.6 OZ	349,440
INSTANT 6/4 POUND	217,728
NONFORTIFIED - 25 KG	429,899

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 87,720,255

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 11,567,670

BASIC FORMULA PRICE (BFP), MAY 1995\* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86					